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TAGS: [PGOV](#) [PHUM](#) [PINR](#) [PREL](#) [HK](#) [CH](#)
SUBJECT: RUMORS INTENSIFY OVER NEW CHIEF SECRETARY; SOME
SPECULATE RAFAEL HUI WILL STAY

Classified By: E/P Chief Simon Schuchat. Reasons: 1.4(b,d).

¶1. (C) Summary: The Chief Executive (CE) election is more than nine months away, but press speculation about behind-the-scenes jockeying for the Chief Secretary (CS) and other ministerial positions has already begun. Many had predicted that John Tsang Chun-wah, Director of the CE's Office and close personal friend of the CE, would be promoted to Chief Secretary after Rafael Hui stepped down in June 2007. However, the "South China Morning Post (SCMP)" reported on June 8 that Donald Tsang had asked Hui to stay on as CS for the first two years of his next term, because Beijing was unenthusiastic about John Tsang, the CE's first choice. One pro-Beijing interlocutor told us that John Tsang's background as Governor Chris Patten's private

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secretary from 1995-1997 might make Beijing wary of him.

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Liberal Party Chief James Tien and legislator Albert Cheng told us that Beijing wanted Hui to stay on the job for an additional two years to act as a counterweight to Donald Tsang. SCMP Editor-at-large Chris Yeung said the situation

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remained fluid, and he was doubtful that at this early date John Tsang was out of the running for the CS job or that the CE had asked Hui to stay on. Yeung added that the intense interest in who might be the next CS stemmed from the belief that whoever secured that job would be well-placed to run for CE in 2012. End Summary.

Jockeying for New Leadership Team Begins

¶2. (C) Although the Chief Executive (CE) election is more than nine months away, press speculation about jockeying for the Chief Secretary (CS) and other ministerial positions already has begun. Most observers presume that Donald Tsang, who has the clear backing of Beijing, will win the CE election in March and begin his second term in June of next year. However, Tsang has yet to announce his choice to fill the number two position, that of CS, in his next administration. Rafael Hui, who came out of retirement to serve as Chief Secretary last year at the request of Tsang, has repeatedly said that he does not intend to serve beyond the CE's current term. When John Tsang Chun-wah, a close personal friend of the CE, moved from Secretary for Commerce, Industry, and Technology to become Director of the CE's Office in January, many observers took it as an indication that he would be promoted to CS after Hui stepped down. On June 8, however, the "South China Morning Post (SCMP)" reported that Donald Tsang had asked Hui to stay on as Chief

Secretary for the first two years of the next CE term.

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According to the "SCMP," Beijing was unenthusiastic about Tsang's first choice, John Tsang. Similar rumors have

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surfaced in the Chinese language press as analysts try to predict Donald Tsang's new leadership team. Thus far the CE's Office has refused comment.

Rafael Hui: Counterweight to Donald Tsang

13. (C) On June 8, Liberal Party Chairman James Tien opined to the Consul General that the "SCMP" story -- that Beijing preferred to have Hui remain as CS for an additional two years -- was accurate. In Tien's view, the central government believed that Hui serves as a useful counterweight to Donald Tsang. Acknowledging that Hui has not indicated whether he would be willing to stay on for two more years, Tien noted that if he did so it would be due to his "patriotism." Tien added that Donald Tsang would not fight for John Tsang's candidacy and was more focused on holding on to his own job.

14. (C) Legislator and independent democrat Albert Cheng, also a close personal friend of CE Donald Tsang's, told us on June 8 that he also had heard that Beijing wanted a CS who was not too close to Donald Tsang and could act as a check on his power. While Hui could stay on if he wanted, he clearly would prefer to retire after his current term. Moreover, according to Cheng, Donald Tsang was unhappy with the current situation, feeling that Hui had too much power -- "he's a strong man" -- and diluted Donald Tsang's authority. If Hui declined to serve another term, there would likely be two candidates to replace him, Financial Secretary Henry Tang or John Tsang. While John Tsang is Donald Tsang's preferred choice and Donald "wouldn't be happy with Tang," Cheng said that "Henry is the one who really wants the job." That said, Cheng believes that having Tang as CS might actually be good for Donald Tsang because "Henry is incompetent." This would create a situation similar to that under former CE C.H. Tung, when there was no CS and all the ministers reported directly

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to the CE. Such a scenario would increase Donald Tsang's power, said Cheng. In any event, "once the election is over and Donald Tsang names his new cabinet, we'll know whether he really has the full blessing of Beijing," (i.e. whether John Tsang is named CS).

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John Tsang: Colonial Baggage

15. (C) On June 8, Felix Fong, Standing Committee member of the Democratic Alliance for the Betterment and Progress of Hong Kong (DAB), opined that John Tsang's background as Governor Chris Patten's private secretary from 1995-1997 might make Beijing wary of him. And unlike Donald Tsang, John Tsang had not done enough to "win back the hearts of Beijing." (Note: So mentioned Donald Tsang's numerous trips to the mainland over the past few years as evidence of the CE's attempts to curry favor with Beijing. End Note.) So said that he "quite liked John Tsang" and that he seemed very qualified for the job, but that "in this type of personnel matter" the final decision would be up to the CE and Beijing.

"Kingmaker"

16. (C) On June 8, "SCMP" Editor-at-large Chris Yeung expressed doubt that John Tsang was out of the running as a CS candidate or that the CE had asked Hui to stay on more

than nine months before Donald Tsang had even won the CE election. "The situation is still fluid," said Yeung. Nonetheless, some groups don't want Donald Tsang to be so powerful and therefore don't want him to have a close colleague such as John Tsang in the number two position, opined Yeung. Others have speculated that Beijing preferred Hui because he could be a counterweight to Donald Tsang and "keep an eye on" him. Yeung said that talk about the next CS had likely intensified in recent weeks because middlemen from the Central Government had been floating names such as Henry Tang and Secretary for Education and Manpower Arthur Li as possible candidates for the CS job to gauge reaction. There was intense interest in who might be the next CS because of the belief that whoever secured that job would be well-placed to run as CE in the 2012 election. Naturally, said Yeung, Beijing, the CE, and the pro-business lobby were all busy promoting their preferred candidates, because everyone wanted to be "kingmaker."

Cunningham